

Subsidiary. CareFirst has made available to Purchaser a true, correct and complete copy of each of the items of this Section 4.21 listed on the CareFirst Disclosure Schedule.

Section 4.22. Disclosure.

No representations, warranties, assurances or statements by CareFirst in this Agreement and no statement contained in any certificates or other writings to be delivered by CareFirst (or caused to be delivered by CareFirst) to Purchaser or CFAC or any of their respective representatives pursuant to the provisions hereof contains or will contain any untrue statement of material fact, or omits or will omit to state any material fact necessary, in light of the circumstances under which it was made, to make the statements herein or therein not misleading.

ARTICLE V

Representations And Warranties Of Purchaser And CFAC

For the purposes of all the representations and warranties made in this Article V, CFAC shall be considered a "Purchaser Subsidiary." Purchaser and CFAC hereby jointly and severally represent and warrant to CareFirst as follows:

Section 5.1. Organization, Qualification and Authorization.

(a) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia; each Purchaser Subsidiary is listed in the Purchaser SEC Filings or on the Purchaser Disclosure Schedule. Each Purchaser Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, which jurisdictions are listed on the Purchaser Disclosure Schedule.

(b) Each Purchaser Company has all requisite power and authority, corporate and other, to carry on and conduct its business as it is now being conducted and to own or lease its property and assets, except where the failure to satisfy the representations of this Section 5.1(b) would not result in a Purchaser Material Adverse Effect. The Purchaser has delivered or made available to CareFirst accurate and complete copies of the certificates of incorporation and bylaws, or equivalent governing instruments, as currently in effect, of each of the Purchaser Companies as of the date hereof.

(c) Each Purchaser Company is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the ownership or operation of its assets or the conduct of its business requires such qualification or licensing, except where the failure to be so qualified, licensed or in good standing would not result in a Purchaser Material Adverse Effect. All such jurisdictions are listed on the Purchaser Disclosure Schedule.

(d) The Purchaser Disclosure Schedule sets forth every entity as of the date hereof which is a Purchaser Subsidiary and the equity interests of such entities that are owned by Purchaser. Purchaser owns all the issued and outstanding shares of CFAC.

Section 5.2. Authority.

Purchaser and CFAC, respectively, have all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby, subject to the receipt of regulatory approvals set forth in Section 5.4 hereof. The execution, delivery and performance of this Agreement by Purchaser and CFAC, the performance of their obligations hereunder and the consummation by them of the transactions contemplated hereby, including, as to Purchaser, the issuance of the Purchaser's Class A Common Stock to be issued in the Merger, have been duly and validly authorized by Purchaser's and CFAC's respective Boards of Directors, and except for the approval of Purchaser's shareholders, no other corporate act or corporate proceeding on the part of Purchaser or CFAC is necessary to approve the execution and delivery of this Agreement, the performance by Purchaser and CFAC of their obligations hereunder or the consummation of the transactions contemplated hereby.

Section 5.3. Execution and Binding Effect.

This Agreement has been duly and validly executed and delivered by Purchaser and CFAC, and constitutes, and the other documents and instruments to be executed and delivered by Purchaser or CFAC pursuant hereto upon their execution and delivery by Purchaser or CFAC on or prior to the Closing Date will constitute (assuming, in each case, the due and valid authorization, execution and delivery thereof by the other party or parties thereto), legal, valid and binding obligations of Purchaser or CFAC enforceable against Purchaser or CFAC in accordance with their respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, rehabilitation, reorganization, moratorium, or similar laws affecting enforcement of creditors' rights generally and (b) general equitable principles.

Section 5.4. No Violation; Consents and Approvals.

(a) Except as set forth on the Purchaser Disclosure Schedule and subject to the governmental filings (and other matters) referred to in Section 5.4(b), the execution, delivery and performance of this Agreement by each of Purchaser and CFAC, compliance with the provisions of this Agreement, and the consummation by each of Purchaser and CFAC of the transactions contemplated hereby will not (i) conflict with or violate any provisions of the certificates of incorporation or other comparable documents or bylaws of Purchaser or CFAC; (ii), conflict with, violate or result in any breach of, or constitute a default whether with or without notice or lapse of time or both, or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of, or render unenforceable, any note, bond, mortgage, indenture, license (including any license granted by the BCBSA), franchise, permit, agreement, lease or other instrument or obligation to which any Purchaser Company is a party or by which any Purchaser Company, its business or any of its assets is bound; (iii) violate any statute,

ordinance or law or any rule, regulation, order, writ, injunction or decree of any Governmental Entity applicable to any Purchaser Company, or by which its business or any of its assets is bound; (iv) require any filing, declaration or registration with, or permit, consent or approval of, or the giving of any notice to, any Governmental Entity; or (v) result in the creation of any lien, charge or encumbrance upon any Purchaser Company's assets; excluding from the foregoing clauses (other than clause (i)) such conflicts, violations, breaches and defaults and filings, declarations, registrations, permits, consents, approvals and notices, other than approvals of the BCBSA, the absence of which, in the aggregate, would not result in a Purchaser Material Adverse Effect.

(b) No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by any Purchaser Company for the execution and delivery of this Agreement by Purchaser and CFAC or the consummation by Purchaser and CFAC of the transactions contemplated by this Agreement, except for (i) the filing with the FTC and the DOJ of a notification and report form by Purchaser under the HSR Act; (ii) the approval of the NYSE of the listing, upon notice of issuance, of the Purchaser's Class A Common Stock to be issued in the Merger, (iii) the preparation and filing of those filings, approvals, and legislative actions described in Appendix G; and approval of Applications on Form A, with the appropriate regulatory bodies; (iv) such other consents, approvals, orders, authorizations, registrations, declarations and filings the failure of which to be obtained or made would not, in the aggregate, result in a Purchaser Material Adverse Effect.

Section 5.5. Capitalization; Valid Issuance.

(a) The authorized capital stock of Purchaser consists of 300 million shares of Class A Common Stock, 300 million shares of Class B Common Stock, 75 million shares of Class C Common Stock and 50 million shares Preferred Stock. As of [date], _____ shares of Class A Common Stock were issued and outstanding. All of such issued and outstanding shares of Class A Common Stock are validly issued, fully paid and nonassessable. As of the date hereof, there are outstanding no shares of Class B Common Stock, Class C Common Stock, or Preferred Stock.

(b) The authorized capital stock of CFAC consists of 1,000 shares of \$.01 par value common stock. One thousand shares of \$.01 par value common stock are issued and outstanding, and all of such shares are owned by Purchaser. All of such issued and outstanding shares of capital stock of CFAC are validly issued, fully paid and nonassessable. All issuances, transfers or purchases of the capital stock of CFAC have been in compliance with all applicable agreements and all applicable laws, including federal and state securities laws, and all taxes thereon have been paid.

(c) Except as set forth on the Purchaser's Disclosure Schedule or in the Purchaser's SEC Filings, as of the date of this Agreement there are not outstanding nor is Purchaser or CFAC bound by, any subscriptions, options, preemptive rights, warrants, calls, commitments, or agreements or rights of any character requiring Purchaser or CFAC to issue or entitling any person or entity to acquire any additional shares of capital stock or any other equity security of

Purchaser or CFAC, including any right of conversion or exchange under any outstanding security or other instrument, and neither Purchaser nor CFAC is obligated to issue or transfer any shares of its capital stock for any purpose. There are no outstanding obligations of Purchaser or CFAC to purchase, redeem or otherwise acquire any outstanding shares of capital stock of Purchaser or CFAC.

(d) The Purchaser's Class A Common Stock to be issued in the Merger, when issued in accordance with this Agreement and the Articles of Merger, will be duly and validly issued, fully paid and nonassessable, and will be issued in compliance with all applicable federal and state securities laws.

Section 5.6. SEC Filings; Financial Statements.

(a) Purchaser has delivered or made available to CareFirst copies, which are true and correct in all material respects of (i) its Annual Reports on Form 10-K, as amended, for the years ended December 31, 2000, 1999 and 1998, as filed with the SEC, (ii) its proxy statements relating to all of Purchaser's meetings of shareholders (whether annual or special) since January 1, 1998, as filed with the SEC, and (iii) all other reports, statements and registration statements (including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as amended) filed by Purchaser with the SEC since January 1, 1998 (the reports and statements set forth in clauses (i), (ii) and (iii) are referred to collectively as the "Purchaser SEC Filings"). As of their filing dates, none of the Purchaser SEC Filings contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The Purchaser SEC Filings at the time of filing complied as to form in all material respects with the Exchange Act or the Securities Act, as the case may be, and the rules and regulations thereunder.

(b) Purchaser has delivered or made available to CareFirst copies of (i) audited GAAP financial statements of Purchaser for the year ended December 31, 2000, ~~(ii) audited SAP financial statements of Purchaser for the years ended December 31, 2000, 1999 and 1998, and (ii) unaudited GAAP and SAP financial statements of Purchaser for the quarters nine-month period ended March 31, June 30, and September 30, 2000, 2001; and~~ (iii) audited SAP financial statements for the years ended December 31, 2000, 1999 and 1998 for any Purchaser Subsidiary for which audited SAP financial statements have been prepared, ~~and (iv) internally prepared unaudited SAP financial statements for the year ended December 31, 2000 for each Purchaser Subsidiary that is a corporation for which audited SAP financial statements have not been prepared.~~

(c) The GAAP and SAP financial statements referred to in clause (b) above (the "Purchaser Financial Statements") are true and complete in all material respects, have been prepared in accordance with GAAP or SAP, as the case may be, consistently applied throughout the periods covered by such statements (except as may be stated in the explanatory notes to such statements) and present fairly, in accordance with GAAP or SAP, as the case may be, in all material respects, the consolidated financial position and consolidated results of operations of the Purchaser Companies at the dates of and for the periods covered thereby. The Purchaser

Financial Statements for interim periods are subject to normal recurring year-end adjustments and, in the case of SAP statements, do not include the notes required by GAAP or SAP.

(d) Except as disclosed, recorded or otherwise referred to in Purchaser's SEC Filings or in the Purchaser Disclosure Schedule, no Purchaser Company has any liabilities of any nature, whether known, unknown, accrued, absolute, contingent or otherwise, and whether due or to become due, probable of assertion or not, except liabilities that (x) were incurred after ~~December 31, 2000~~ September 30, 2001 by Purchaser in the ordinary course of its business consistent with past practice or (y) that in the aggregate would not have a Purchaser Material Adverse Effect.

Section 5.7. Reserves.

(a) The aggregate actuarial reserves and other actuarial amounts held in respect of liabilities with respect to any or all of the Purchaser Insurers as established or reflected in their respective 2000 financial statements previously delivered to CareFirst:

(i) (A) were determined in accordance with presently accepted actuarial standards consistently applied, and (B) were fairly stated in accordance with sound actuarial principles;

(ii) met, in all material respects, the requirements of the applicable insurance laws of all states having jurisdiction;

(iii) met the requirements of the BCBSA;

(iv) have been computed on the basis of methodologies consistent with those used in computing the corresponding reserves in the prior fiscal year (except as may be stated in the explanatory notes to such statements);

(v) include provisions for all actuarial reserves and related items which are required to be established in accordance with applicable laws and regulations; and

(vi) Purchaser is unaware of any facts or circumstances that would necessitate, in the application of GAAP, the restatement of reserves above those reflected in the GAAP balance sheets included in the most recent Purchaser Financial Statements delivered to CareFirst prior to the date hereof.

(b) Each Purchaser Insurer's surplus is now, and immediately prior to the Closing will be, not less than 100% of the statutorily adequate reserve minimum required by applicable law.

Section 5.8. Taxes.

(a) All federal income tax returns required to be filed by any Purchaser Company have been properly and timely filed with the IRS, and all state and local income and premium tax returns required to be filed by any Purchaser Company have been properly and timely filed with

the appropriate state or local taxing authorities, or an appropriate application for extension of time to file such returns has been filed, except where the failure to file such state and local income and premium tax returns would not result in a Purchaser Material Adverse Effect. Such tax returns were true, correct and complete in all material respects at the time filed, and each Purchaser Company has paid and discharged all Taxes shown to be due on such returns, other than such Taxes as are being contested in good faith by appropriate proceedings and are adequately reserved for on the most recent financial statements. Each Purchaser Company has adequately reserved, in accordance with SAP or GAAP, as applicable, on the financial statements referred to in Section 5.6, for the payment of all unpaid Taxes, including interest and penalties, payable in respect of any taxable event or period (including interim periods) ending on the dates of such financial statements and for all periods prior thereto.

(b) No claim or deficiency for any Taxes has been proposed, threatened, asserted or assessed by the IRS or any other taxing authority or agency against any Purchaser Company which, if resolved against such Purchaser Company would, in the aggregate, result in a Purchaser Material Adverse Effect. No requests for waivers of the time to assess any Taxes are pending. None of the federal income tax returns for any Purchaser Company has been examined by or settled with the IRS for any year.

Section 5.9. Resale Registration Statement; Purchaser's Proxy Statement.

Except for information supplied or to be supplied by CareFirst in writing for inclusion therein, as to which no representation is made, neither the Resale Registration Statement, nor Purchaser's Proxy Statement ~~contains or~~ will contain (in the case of the Resale Registration Statement, as amended or supplemented, at the time such registration statement becomes effective, and in the case of Purchaser's Proxy Statement or any amendments thereof or supplements thereto, at the time of the mailing of Purchaser's Proxy Statement and any amendments or supplements thereto, and at the time of the meeting of shareholders of Purchaser to which Purchaser's Proxy Statement relates) any untrue statement of material fact nor omit or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except for information supplied or to be supplied by CareFirst in writing for inclusion therein, as to which no representation is made, the Resale Registration Statement and any supplements or amendments thereto will comply in all material respects with the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "Securities Act") and with the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

Section 5.10. Absence of Certain Changes or Events.

Except as set forth on Purchaser's Disclosure Schedule, since December 31, 2000 and through the date of this Agreement, (a) each of the Purchaser Companies has, in all material respects, conducted its business in the ordinary course consistent with past practices, (b) neither Purchaser nor any Purchaser Subsidiary has taken any action set forth in Section 6.1(c) which if taken after the date hereof would violate such Section and (c) the Purchaser Companies have not experienced an ~~event~~ any event, occurrence, development or state of circumstances or facts

that, in the aggregate, has had, or would reasonably be expected to have, a Purchaser Material Adverse Effect.

Section 5.11. Litigation; Judicial Proceedings.

(a) ~~As of the date of this Agreement, there~~ There are no judicial or administrative actions, proceedings or investigations pending or, to the knowledge of Purchaser, threatened, that (i) question the validity of this Agreement or any action taken or to be taken by Purchaser or CFAC in connection with this Agreement, or (ii) seek to prevent the consummation by Purchaser or CFAC of any of the transactions contemplated by this Agreement.

(b) ~~As of the date of this Agreement, there~~ There is no litigation, proceeding, suit, action, charge or investigation pending or, to the knowledge of Purchaser, threatened, or any order, judgment, injunction, decree, plea agreement, stipulation or award of any kind outstanding, against or relating to any Purchaser Company, or involving any of its property or business, the outcome of which in the aggregate may reasonably be expected to result in a Purchaser Material Adverse Effect.

Section 5.12. Compliance with Law.

(a) Each Purchaser Company ~~is conducting~~ has conducted its business in compliance with all statutes, laws, rules, regulations, ordinances, decrees, judgments, injunctions and orders applicable to it (including those relating to ERISA, labor laws, Health Benefit Laws, environmental laws and health and safety matters), except where such failure to comply would not have a Purchaser Material Adverse Effect, and has not received any notice that it is in noncompliance with any such statutes, laws, rules, regulations, ordinances, decrees or orders, except where such noncompliance would not have a Purchaser Material Adverse Effect.

(b) Each Purchaser Company currently holds all permits, licenses and approvals of every Governmental Entity necessary for the ownership of its respective assets and the operation of its respective businesses (including those relating to ERISA, labor laws, Health Benefit Laws, environmental laws and health and safety matters) except where the failure to hold such permits, licenses or approvals, in the aggregate, would not result in a Purchaser Material Adverse Effect.

(c) Each Purchaser Company is in compliance with all such permits, licenses and approvals, except where such failure to comply would not result in a Purchaser Material Adverse Effect.

(d) No Purchaser Company nor any officer, employee, agent, representative or other person acting on the express, implied or apparent authority thereof, has paid or received any bribe or other unlawful, questionable or unusual payment of money or other thing of value, granted or accepted any extraordinary discount, or furnished or been given any unlawful or unusual inducement to or from any person or Governmental Entity in connection with or in furtherance of the business of any Purchaser Company.

(e) All information provided by each Purchaser Company in connection with the preparation and filing of any regulatory notice or other regulatory filing was true, complete and accurate in all material respects when made.

Section 5.13. Employee Plans.

The Purchaser Disclosure Schedule contains a list, which is accurate and complete in all material respects, of all the Benefit Plans maintained by the Purchaser Companies (the "Purchaser Plans"), in which employees of the Purchaser Companies generally are entitled to participate as of the date of this Agreement.

Section 5.14. Brokers and Finders.

Except for Bear Stearns, whose fees shall be the sole responsibility of Purchaser, neither Purchaser nor any of its officers, directors or employees has employed any broker, finder or investment banker or incurred any liability for any brokerage fees, commissions or finders'-fees or other fees in connection with the transactions contemplated by this Agreement.

Section 5.15. Financing.

Purchaser has, and/or will have at Closing, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the cash portion of the ~~Purchase Price~~ Aggregate Cash Consideration and consummate the transactions contemplated hereby.

Section 5.16. Disclosure.

No representations, warranties, assurances or statements by Purchaser in this Agreement and no statement contained in any certificates or other writings to be delivered by Purchaser (or caused to be delivered by Purchaser) to CareFirst or any of their respective representatives pursuant to the provisions hereof contains or will contain any untrue statement of material fact, or omits or will omit to state any material fact necessary, in light of the circumstances under which it was made, to make the statements herein or therein not misleading.

ARTICLE VI

Covenants Of The Parties

The parties covenant as provided in this Article VI and as expressly set forth in the Schedules and ancillary documents delivered in connection herewith:

Section 6.1. Pre-Closing Operations.

(a) CareFirst. CareFirst hereby covenants and agrees that, pending the Closing, (for purposes of the following, "CareFirst" shall be deemed to include the CareFirst Subsidiaries):

- (i) except as approved by the Transition Team or otherwise consented to by Purchaser, CareFirst will operate and conduct its business only in the ordinary course in accordance with prior practices, shall maintain its assets in their present state of repair (ordinary wear and tear excepted), and shall use its Best Efforts to keep available the services of its employees and preserve the goodwill of its business and relationships with the customers, licensors, suppliers, distributors and brokers with whom it has business relations; and
- (ii) except as approved by the Transition Team in writing or otherwise consented to by Purchaser in writing, CareFirst shall not:

~~{Note: The following language will be included in the CareFirst Disclosure Schedule: Section 6.1 shall not prevent or preclude CareFirst from entering into or renewing any contract or commitment with customers or providers in the ordinary course of business consistent with past practice, excluding customer contracts with multi-year rate guarantees involving an annual premium or administrative services fees in excess of \$5,000,000.}~~

- (A) sell, transfer or otherwise dispose of any assets, except for sales, transfers or disposals which would not have a CareFirst Material Adverse Effect;
- (B) enter into any new material contract or commitment relating to its business, with "material contract or commitment" being defined for the purpose of this subsection as a contract or commitment (other than any provider contract entered into in the ordinary course of business) which involves CareFirst incurring a liability in excess of more than \$5 million;
- (C) mortgage, pledge or subject to liens or other encumbrances or charges any assets, except by incurring CareFirst Permitted Liens;
- (D) purchase or commit to purchase any capital asset ~~outside of the relevant CareFirst Company capital plan~~ for a price exceeding \$5 million individually or \$25 million in the aggregate per calendar year, other than capital assets included in the 2002 capital plan of the relevant CareFirst Company capital plan, which capital plans are identified in the CareFirst Disclosure Schedule and copies of which have been furnished to Purchaser, or capital assets included in any subsequent capital plan that is approved by the Transition Team;

- (E) terminate or amend in any material respect any CareFirst Material Contract or any insurance policy, in force on the date hereof;
- (F) amend its charter or bylaws in any manner which would adversely affect the ability of CareFirst to consummate the transactions contemplated by this Agreement (provided, however, the foregoing will in no way limit the actions which may be taken by CareFirst pursuant to Section 6.8);
- (G) acquire (whether by merger, consolidation, share exchange, acquisition of stock, or acquisition of assets) any corporation, partnership, joint venture, or other business (or any part thereof), except where the consideration paid by CareFirst in connection with such acquisition (including any debt assumed as a result thereof) is less than \$5 million individually or \$25 million in the aggregate in any calendar year;
- (H) split, combine or reclassify its outstanding capital stock or declare, set aside or pay any dividend or distribution payable in cash, stock, property or otherwise, except for payments or distributions by a wholly-owned subsidiary of CareFirst to CareFirst or another wholly-owned subsidiary of CareFirst;
- (I) except for the issuance of CareFirst Common Stock to the Tax-Exempt Entities in connection with the Conversion, issue, sell, pledge or dispose of, or agree to issue, sell, pledge or dispose of or otherwise cause to become outstanding any additional shares of or any options, warrants or rights of any kind to acquire any shares of its capital stock of any class or any debt or equity securities convertible into or exchangeable for such capital stock;
- (J) (J)—incur or become contingently liable with respect to any indebtedness for borrowed money or purchase money indebtedness, other than borrowings under CareFirst's revolving credit facility not to exceed an aggregate principal amount of \$30 million; or
- (K) (i) amend or modify any CareFirst Plan (or enter into any new plan, arrangement, understanding or agreement) in a manner that increases the amounts payable to any director, officer or employee of any CareFirst Company upon severance, termination of employment, change of control, or consummation of the Conversion or the Merger, (ii) make any payment to any director, officer or employee of any CareFirst Company upon severance, termination of employment, change of control, or consummation of the Conversion or the Merger,

except in accordance with contractual commitments existing as of the date of this Agreement and disclosed on the CareFirst Disclosure Schedule, or (iii) increase the annual compensation payable to any director, officer or employee of any CareFirst Company except in the ordinary course of business and consistent with industry practices;

(L) enter into any new line of business or materially change the customary methods used in operating the business of any CareFirst Company;

(M) materially change (i) the marketing, selling, pricing, underwriting or actuarial practices of any CareFirst Company, (ii) the investment practices or portfolio investment mix of any CareFirst Company, (iii) the medical management policies and practices of any CareFirst Company, or (iv) the distribution channels used by or the broker compensation paid by CareFirst Company;

(N) make any material change in any method, practice or principle of financial or tax accounting, except such changes as are required by changes in GAAP or SAP accounting principles;

(O) make any material change in the methodology used in the determination of the liability for reserves of any CareFirst Company, or fail to maintain the reserves of any CareFirst Insurer in accordance with the standards of Section 4.6;

(P) take any action that may reasonably be expected to cause a CareFirst Material Adverse Effect;

(Q) enter into any non-competition agreement, marketing agreement, or any other agreement, understanding or arrangement that restricts in any way the ability of any CareFirst Company to market products.

(R) subject to CareFirst's right to terminate this Agreement in accordance with Section 8.1, take any action that prevents CareFirst from consummating the transactions contemplated by this Agreement; or

(S) ~~(K)~~—enter into, or agree to enter into, any agreement to do any of the foregoing.

(b) Purchaser or Transition Team Consent. In the event CareFirst seeks the Purchaser's approval or consent of Purchaser or the Transition Team for any action

~~underdescribed in Section 6.1(a), the proposed action shall be deemed approved or consented to by Purchaser or the Transition Team if no objection has been provided within ten (10) business days after the date of CareFirst's request for approval or consent (provided that such request also includes information reasonably requested by CareFirst proposes to take must be set forth in a writing signed by an officer of Purchaser who is a member of the Transition Team. The Transition Team's consent to evaluate any such request) action must be set forth in a writing signed by a majority of the members of the Transition Team.~~

(c) Purchaser: Purchaser hereby covenants and agrees that, except as consented to in writing by CareFirst, pending the Closing, ~~Purchaser will, in all material respects, operate and conduct its business, and that of the Purchaser Subsidiaries, only in the ordinary course in accordance with prior practices. In addition to the foregoing (for purposes of the following, "Purchaser" shall be deemed to include CFAC and the Purchaser Subsidiaries):~~

(i) Purchaser shall maintain its assets in their present state of repair (ordinary wear and tear excepted), shall use its Best Efforts to keep available the services of its employees, and preserve the goodwill of its business and relationships with the customers, licensors, suppliers, distributors and brokers with whom it has business relations; and

(ii) Purchaser shall not:

(A) ~~(A)~~—amend its charter or bylaws in any manner that would adversely affect the ability of Purchaser to consummate the transactions contemplated by this Agreement;

(B) ~~(B)~~—acquire (whether by merger, consolidation, share exchange, acquisition of stock, or acquisition of assets) any corporation, partnership, joint venture, or other business (or any part thereof), except where such acquisition will not materially adversely affect or delay Purchaser's or CareFirst's ability to consummate the transactions contemplated by this Agreement;

(C) ~~(C)~~—incur or become contingently liable with respect to any indebtedness for borrowed money except where there is no material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement;

(B) ~~(D)~~—take any action that may reasonably be expected to cause a Purchaser Material Adverse Effect; or

(C) ~~(E)~~—enter into, or agree to enter into, any agreement to do any subject to Purchaser's right to terminate this Agreement in accordance with Section 8.1, take any action that prevents

Purchaser from consummating the foregoing transactions contemplated by this Agreement.

Section 6.2. New Information; Access.

(a) Each of CareFirst and Purchaser shall be obligated to (i) promptly disclose in writing to the other party any new information which that would result in a breach of their respective representations and warranties in Articles IV and V of this Agreement. Further, (ii) subject to confidentiality obligations, Purchaser shall use its Best Efforts (i) to promptly disclose promptly to CareFirst the other party any material development with respect to Purchaser's business, results of operations or financial condition, and (iii) consult regularly with the other party with respect to provide promptly to CareFirst and its advisors medical costs trends and underwriting results and with respect to any actions that it proposes to take in response to such information regarding its business, trends and results of operations or financial condition as may be reasonably requested by CareFirst, including any actions with respect to pricing, sales, benefit designs and underwriting.

(b) The parties shall form a transition team (the "Transition Team") consisting of an equal number of representatives of CareFirst and Purchaser. The Transition Team shall be responsible for facilitating developing a transition and integration planning process to facilitate the combination of the operations of CareFirst with those of Purchaser. The Transition Team shall be responsible for developing, and monitoring the development of, and deliverables due under, an action plan for the combination of the businesses. The Transition Team, or designated representatives thereof, shall meet monthly to review the financial performance of the CareFirst Companies and the Purchaser Companies and at such meetings CareFirst and Purchaser shall advise the Transition Team of the status of their respective sales, enrollment, revenues, investment income, quarterly claim trends, medical loss ratio, administrative expenses, net income, reserves and statutory capital (as indicated on the quarterly balance sheet). The Transition Team shall be informed at each quarterly meeting of the applicable trends and retention experience arising from CareFirst's and Purchaser's business planning and underwriting process.

(c) From and after the date hereof and subject to the terms of that certain Confidentiality Agreement by and between the parties hereto, dated September 21, 2000, CareFirst and Purchaser shall (and shall cause their respective subsidiaries to) provide the other party Purchaser reasonable access during regular business hours to its books, records, offices, personnel, counsel, accountants and actuaries as may be reasonably requested; provided, however, that (a) neither party shall be compelled to provide any customer-specific information pursuant to this Section and (b) no investigation made pursuant to this Section shall unreasonably interfere with the operation or conduct of business of any party hereto CareFirst.